

City of Detroit

CITY COUNCIL

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TO: James J. Tyler, Jr., Director
Human Resources Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 1, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Department Director
June Ellis, Budget Department Team Leader
Kandia Milton, Mayor's Office

Human Resources (28)

FY 2006-07 Budget Analysis by the Fiscal Analysis Division

Summary

The Human Resources Department is a General Fund agency. The Mayor's 2006-07 recommended budget of 21.39 million reflects a \$1.1 million (4.9%) decrease from the current fiscal year.

2005-06 Surplus/(Deficit)

The Mayor has estimated a surplus of \$515,000 for the Human Resources Department. The surplus consisted of appropriation surplus of \$2.8 million due to vacancies in the Apprentice Program (10549 Apprentice Training Program) and DWOP in the department (September 2005 Budget Amendment), which is offset by a revenue deficit of \$2.3 million also derived from vacancies in the Apprentice Program.

Overtime

As of March 31, 2006, the Human Resources Department has spent \$355,961 on overtime, or 31.37% of the department's \$1.13 million 2005-06 overtime budget. The recommended budget for overtime in FY 2006-07 is \$531,000.

Personnel and Turnover Savings

The Mayor recommends a net decrease of 56 positions (17.67%) in the 2006-07 recommended budget.

Human Resources Position Changes

Budget		Effective: July 1, 2007						Agency 06-07	
2005-2006	FY 05-06							Total	Total
Positions	Eliminated	Deletes	Vacant	Layoff	Trsf	Adds			
317	-28	-3	-23	-6	0	4		-56	261

The Mayor has recommended no turnover savings for the Human Resources Department in fiscal year 2006-07.

Following is information by appropriation comparing FY 2005-06 positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted</u>	<u>Filled</u>	<u>Mayor's</u>	<u>Over/(Under)</u>	<u>Mayor's</u>
	<u>Positions</u>	<u>Positions</u>	<u>Budget</u>	<u>Actual to</u>	<u>Recommended</u>
	<u>FY 2005-06</u>	<u>3/31/2006</u>	<u>FY 2006-07</u>	<u>05/06 Budget</u>	<u>Turnover</u>
Human Resources (28):					
280110 Administration	11	9	9	(2)	\$ -
280153 Records	5	5	4	0	\$ -
280154 Employee Assistance Center	1	1	0	0	\$ -
00105 Administration	17	15	13	(2)	\$ -
280400 Employment Services	0	0	16	0	\$ -

	Budgeted Positions FY 2005-06	Filled Positions 3/31/2006	Mayor's Budget Positions FY 2006-07	Over/(Under) Actual to 05/06 Budget	Mayor's Recommended Turnover
280410 Recruitment & Selection	7	6	0	(1)	\$ -
280415 Test Development	2	2	0	0	\$ -
280420 Employment Certification	4	4	0	0	\$ -
280430 Classification & Compensation	5	4	0	(1)	\$ -
00106 Personnel Selection	18	16	16	(2)	\$ -
00107 Supportive Services	7	6	5	(1)	\$ -
280510 Econ. Union Contract Prov.	4	4	4	0	\$ -
280010 Employee Svcs. - Administration	3	3	4	0	\$ -
280011 Employee Svcs. - Water	22	19	22	(3)	\$ -
280020 Employee Payroll	70	56	54	(14)	\$ -
280021 Emp. Svcs. Cust./Comm. Svcs.	0	0	7	0	\$ -
280022 Emp. Svcs.-Municipal Svcs.	0	1	8	1	\$ -
280023 Emp. Svcs.-Administrative Svcs.	0	0	7	0	\$ -
280035 Comm.Municipal Svcs.	3	0	0	(3)	\$ -
280040 Cultural	7	5	0	(2)	\$ -
280050 Human Services	7	5	0	(2)	\$ -
280060 Municipal Services I	1	1	0	0	\$ -
280070 Public Safety I	3	2	0	(1)	\$ -
280080 Public Safety II	1	2	0	1	\$ -
280090 Staff Depts./Appointive Elective	2	2	0	0	\$ -
280610 Emp. Svcs.- Sewerage	6	5	6	(1)	\$ -
280685 Utilities	6	3	0	(3)	\$ -
280690 Employee Svcs.- DOT	15	12	15	(3)	\$ -
00833 Employee Services	146	116	123	(30)	\$ -
00854 Hearings & Policy Development	2	2	2	0	\$ -
280331 Apprentice Training Program	103	55	80	(48)	\$ -
280335 Apprentice Administration	2	1	1	(1)	\$ -
10549 Apprentice Training Program	105	56	81	(49)	\$ -
28XXXX Interns	0	1	0	1	\$ -
28XXXX Leave of Absence	0	(2)	0	(2)	\$ -
28XXXX Worker's Comp.	0	0	0	0	\$ -
28XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$ -</u>
TOTAL	<u>317</u>	<u>233</u>	<u>261</u>	<u>(84)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The 2006-07 proposed budget requires 6 layoffs in the Human Resources Department.

Title	No.
Information Technician	1
Personnel and Payroll Clerk	<u>5</u>
Human Resources Total	6

Significant Funding by Appropriation

Appro. Program

00105	Administration	This appropriation decreases by \$146,000 in FY 2006-07. The decrease is due primarily to a \$100,000 decrease in professional/contractual services, and an \$80,000 decrease in operating services. The appropriation decreases are offset by increase of \$20,000 for capital outlays/ maintenance (major building repairs). In 2006-07, the appropriation also loses four positions, two in Administration, one in Records and one in the Employment Assistance Center.
00106	Personnel	Appropriation increased by \$195,000 due primarily to a \$106,000 increase in Salary and Wages, and a \$196,000 increase in employee benefits, offset by a \$96,000 decrease in Professional/Contractual Services and a \$10,000 decrease in Operating Service. Four divisions, Recruitment & Selection, Test Development, Employment Certification and Classification & Compensation, consolidate into the Employment Services section I 2006-07. Overall, the appropriation loses two positions.
00107	Supportive Services	This appropriation, decreases by \$419,000 in FY 2006-07. This appropriation decrease due primarily to the reduction of \$340,000 reduction in training-tuition reimbursement. In 2006-07 the dollars for this program will be distributed in the City departments that historically use these dollars, as opposed to keeping the dollars in Human Resources. Also included are a reduction in salary & wages and benefits due to the loss of two positions.
10549	Apprentice Training Program	This appropriation decreases by \$1.75 million. The majority of the decrease is due to decreases in wages & benefits related to the loss of twenty-four positions.
00108	Labor Relations	This appropriation increases by \$373,000 in FY 2006-07. The increase is due primarily to a \$98,000 increase in salary & wages a \$249,000 increase in employee benefits, and a \$24,000 increase in operating services.
00833	Employee Services	This appropriation increases by \$538,000 in 2006-07. The increase is due primarily to a \$661,000 increase in employee benefits (23.3%), offset by a \$124,000 reduction in salary & wages. This appropriation losses 23 positions in the 2006-07 FY.

00854	Hearing and Policy Development	This appropriation increases \$103,000 in the 2006-07 FY, due primarily to salary & wages and benefits increases in org 28-0551 Non Union Hearings.
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Significant Revenue Changes by Appropriation and Source

Appro. Program

00105	Administration	This revenue appropriation decreases to zero in FY 2006-07. This is due to the elimination of relocation costs for new hires from the budget.
00107	Supportive Services	This revenue appropriation, decreases by \$121,000 in FY 2006-07. This revenue decreases due the changes in training-tuition reimbursement.
10549	Apprentice Training Program	This revenue appropriation decreases by \$1.69 million, due to reduction of staff in this section (23 position losses).
00833	Employee Services	Revenues increases by \$728,000. This is due to increases in salary and fringe rates.

Budgeted and Contractual Services by Activity

Human Resources (28)

Budgeted Professional and Contractual Services by Activity	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administrative Services	\$ 319,088	\$ 218,466	\$ (100,622)
Employee Services Group	142,980	46,000	(96,980)
Organization	20,000	-	(20,000)
Labor Relations	150,000	150,000	-
Employee Services	-	-	-
Hearings & Policy Development	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total	<u>\$ 662,068</u>	<u>\$ 444,466</u>	<u>\$ (217,602)</u>

Professional and Contractual Services in the Human Resources Department decrease by \$217,602 (32.86%) in 2006-07.

Issues and Questions

Personnel Selection

Page 28-7 The Department's initial request for this section included one Manager II-Human Resources. The Mayor, however, is recommending one Manager II *and* two

Manager I - Human Resources, one as a budgetary person, another to oversee IT functions.

- Why do these two functions referenced above require two new Manager II level positions?

Organizational/Employee Development

Page 28-11 Goals Measures: Units of activity or service demands made:

	2003-04 Actual	2004-05 Actual	2005-06 Projection	2006-07 Target
Tuition refund Applications reviewed	1,470	2,000	2,300	1,800
Tuition refund Applications approved	1,573	2,000	2,200	1,200
Percent of applications approved	112.4%	100.0%	95.7%	66.7%

- It appears that more applications were approved than were reviewed in 2003-04. Please explain.
- Also, it appears that the department anticipates it will only approve a little more than 66% of the tuition refund Applications reviewed in 2006-07, a much lower rate than in previous years. What's the rationale for this projection?

Employment Services

Page 28-18 Goals:

Goal one is to consolidate the department's field offices, cutting the number of field offices in half from ten (10) service groups to five (5), and to relocate all offices to the CAYMC to maximize staff and process efficiencies.

- How will this initiative impact employees that will no longer have HR field offices at their work location?
- How will the layoffs of 6 employees, including five Personnel and Payroll Clerks, and one Information Technician impact day-to-day operations in the department in the 2006-07 FY?
- How have the 28 layoffs issued at mid-year impacted operations in HR?

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